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SUBJECT: MEDIA REACTION ON CAFTA, AUGUST 4, 2003

¶1. Article in Tegucigalpa-based moderate daily "El Heraldo" on 8/2 entitled "The crucial issues will be discussed in future rounds". "The sixth round of CAFTA negotiations came to an end with progress in some regulatory issues of the treaty, but the negotiators couldn't reach an agreement on some key issues that will be discussed in the next three rounds."

"The negotiators have already concluded negotiations in two chapters: electronic trade and customs procedures and trade facilitation, but there was no consensus around the most sensitive issues, such as agricultural products, textiles, patents and trade sanctions related to labor and environmental violations."

"The US was clear that their positions will be flexible, but it also wants reciprocity in access to Central American markets. On this issue, the lead US negotiator Regina Vargo said, 'we want reciprocity and also some flexibility. although we don't necessarily mean reciprocity in the sense of exchanging one thing for another."

¶2. Editorial in Tegucigalpa-based moderate daily "El Heraldo" on 8/4 entitled "Progress of CAFTA". "The most positive result from the sixth round of the CAFTA negotiations was that the isthmus kept the unified position it should have had from the beginning, after the Guatemalan reconsideration. The negotiations themselves progressed on some regulatory principles, but the discussions on key issues were left for the last three rounds."

"Meanwhile, the Bush administration celebrated the Congressional ratification of the FTA with Chile, the first the U.S. has signed with a South American country, which improves the possibility of achieving the goal of establishing a free trade agreement region in the Americas by the year 2005."

"We hope that in the seventh round of negotiations, the US goes further than the 'flexibility' shown last week, to progress on the most sensitive issues such as agricultural products, textiles and patents. In the interim, the Central American negotiators should work together and stay alert because it's up to them to sign a good or bad agreement with the utmost and unique global superpower."

Pierce